

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**The External Quality Review of  
Psychiatric Hospitals**



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# EXECUTIVE SUMMARY

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## PURPOSE

To assess the external quality review of free-standing psychiatric hospitals that participate in Medicare.

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## BACKGROUND

### Concerns About Psychiatric Hospitals

Recently, the media has drawn attention to the quality of care in psychiatric hospitals due to deaths attributed to the inappropriate use of restraints and seclusion. This has raised fundamental questions about how care is delivered and overseen in psychiatric hospitals. Medicare requires such hospitals to meet two special conditions of participation (staff requirements and medical records) that apply only to psychiatric hospitals. The Health Care Financing Administration (HCFA) relies upon contracted psychiatric nurses and psychiatrists to assess compliance with these two special conditions. Like general hospitals, psychiatric hospitals are also subject to all the Medicare conditions of participation and can be deemed to meet them through either accreditation (usually by the Joint Commission on Accreditation of Healthcare Organizations) or certification (by State agencies). Currently 611 psychiatric hospitals participate in Medicare; all but 39 are accredited.

This inquiry follows-up our recent series on the external review of hospital quality. In this related inquiry, we focus on the overall system of external review as it applies to psychiatric hospitals. That system includes HCFA's contracted surveyors, the Joint Commission, State agencies, and HCFA itself. We devote particular attention to the review provided by HCFA's contracted surveyors. We based our inquiry on national data on psychiatric hospital surveys, survey observations, and stakeholder interviews, among other sources of information.

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## FINDINGS

**The current system of external review for psychiatric hospitals has some strengths that help protect patients.**

**The system includes a patient-centered approach aimed at ensuring patients receive active treatment as opposed to custodial care.** HCFA's contracted surveyors choose a sample of patients and trace them through the hospital by reviewing their medical records,

observing them on the wards and in sessions, interviewing them, and speaking with their caregivers. Neither State agencies nor the Joint Commission survey with this approach.

**It has achieved some balance between the collegial (aiming to educate and improve) and the regulatory (aiming to investigate and enforce) approaches to oversight.**

Both HCFA's contracted surveyor and State agency activities lean toward the regulatory approach. The Joint Commission surveys lean toward the collegial approach, with an educational bent. However, the Joint Commission has added some regulatory elements to its approach by increasing its unannounced surveys of psychiatric hospitals and maintaining more control over the selection of medical records.

**But the external review system also has major deficiencies.**

**The extent to which it holds psychiatric hospitals accountable for patient care is questionable.** HCFA's contracted surveyors take an in-depth look at patient care, but the two special conditions that guide their survey are limited to medical records and staff requirements. Joint Commission surveyors' approach to patient care is less in-depth, but their official findings are much less limited and more far ranging. State agency involvement in psychiatric hospitals is more episodic and driven by complaints and adverse events, but they too have a broader range of official findings than HCFA's contracted surveyors.

These limitations are particularly apparent with regard to discharge planning and restraints and seclusion. All external reviewers give marginal attention to discharge planning. The Joint Commission gives more attention to restraints and seclusion than HCFA's contracted survey or State agencies, but its effectiveness is questionable.

**Some psychiatric hospitals are falling through the cracks, rarely being subjected to contracted or State agency surveys.** The number of surveys conducted by HCFA's contracted surveyors fell from a high of 413 in FY 1993 to 146 in FY 1998, a drop of 65 percent. The elapsed time between such surveys is growing, and some psychiatric hospitals have not been surveyed in over 5 years.

**HCFA's contracted surveyors, State agencies, and the Joint Commission tend to carry out their psychiatric hospital oversight on independent tracks with little coordination.** HCFA's contracted surveyors sometimes survey hospitals on the heels of the Joint Commission or State agency. Thus, in short order, a hospital could be visited by each. But HCFA's contracted surveyors rarely have the results of the other reviews.

**The contracted surveyors are held just minimally accountable for their performance in overseeing psychiatric hospitals.**

**HCFA obtains limited information on the performance of its contracted surveyors.** Validation surveys, HCFA's main source of information on the performance of external reviewers and hospitals, exclude the two special conditions for psychiatric hospitals. Also, HCFA asks for little aggregate or routine reporting on the contracted surveys.

**HCFA provides some feedback to its contracted surveyors, mostly through its review of the survey documentation.** HCFA lacks a formal or routine mechanism for providing feedback to its contracted surveyors on their performance. Its feedback tends to be sporadic.

**Public disclosure plays a minimal role in holding the contracted surveyors accountable.** HCFA makes little information available to the public on the performance of the psychiatric hospitals or the contracted surveyors.

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## RECOMMENDATIONS

HCFA and Joint Commission responses to the recommendations we posed in our recent series on the external review of hospital quality help address the deficiencies identified in this study. Below we offer five additional recommendations that emerge primarily from the findings in this inquiry, but also draw on those in our previous series, which included acute care hospitals with psychiatric units. Our recommendations call for HCFA to exert its leadership in shaping the external review of psychiatric inpatient care. If enacted, these recommendations will further strengthen external quality review systems intended to protect psychiatric inpatients.

### **HCFA should deploy its contracted surveyors more strategically and take better advantage of their expertise.**

HCFA's 76 contracted surveyors serve as an important resource, providing expertise that HCFA and the State agencies would be hard-pressed to duplicate. To take better advantage of this expertise, we recommend that HCFA strengthen the contracted surveyors' background in the full range of Medicare conditions of participation for hospitals and make them available for:

**Responding to complaints and adverse events involving psychiatric care:** The contracted surveyors' special expertise should be available to enhance the States' ability to respond appropriately to complaints and events.

**Surveying in both psychiatric hospitals and psychiatric units of acute care hospitals:** We suggest that the contracted surveyors' expertise would be valuable to these units, which typically receive just a fraction of surveyors' time during an accreditation survey.

We are aware of the resource implications of this recommendation. HCFA currently estimates the costs of each contracted survey at \$8,300. HCFA could use its estimates to seek additional funding or seek authority to establish a user fee to help defray the costs.

**HCFA should hold its contracted surveyors more fully accountable for their performance. Toward that end, it should**

**Conduct periodic observation surveys of the contracted survey process.** HCFA now lacks any such oversight mechanism of the contracted survey process.

**Obtain timely and useful performance reports.** These should cover, at a minimum, the contracted surveyors' activities, such as types of surveys conducted, findings, and trends.

**Provide feedback and guidance to the contracted surveyors.** Given their part-time status and the decline in scheduled surveys, HCFA should stay in closer contact with the contracted surveyors and consider facilitating a network through a newsletter or website.

**Increase public disclosure.** HCFA should make more information available on the oversight and performance of psychiatric hospitals by, at a minimum, posting information on the Internet.

**HCFA should determine an appropriate minimum cycle for the contracted survey at psychiatric hospitals.**

No mandated cycle for these contracted surveys exists. In determining one, HCFA should take steps to strengthen its ability to track all participating hospitals and their survey history in such a way that allows HCFA to easily determine whether the survey was conducted by the contracted surveyors or State agencies. It should also take steps to coordinate the survey activity among the external reviewers.

**HCFA should negotiate with the Joint Commission to achieve both a more patient-centered survey approach and a more rigorous assessment of discharge planning.**

The Joint Commission does not currently use the patient-tracing approach employed by HCFA's contracted surveyors. The Joint Commission is well-positioned to apply this approach more broadly in psychiatric units as well as psychiatric hospitals. Also, the Joint Commission has a significant base of experience in addressing discharge planning issues in nonhospital settings and is therefore well-positioned to apply this expertise to the hospital setting.

**HCFA should consider applying special Medicare conditions of participation both to psychiatric hospitals and psychiatric units of acute care hospitals.**

Many experts suggest that psychiatric inpatients face vulnerabilities that warrant greater scrutiny than most other hospital patients. But the external review system that HCFA relies upon falls short in two important ways. First, it does not apply the special conditions to psychiatric units of acute care hospitals, which is where the great majority of Medicare beneficiaries receive inpatient psychiatric care. Furthermore, in psychiatric hospitals, the contracted surveyors are limited to assessing compliance with only the two special conditions (medical records and staff requirements) even though their patient-based review exposes a broad array of treatment issues.

Given this situation, it would appear timely for HCFA to consider special conditions that it would use for both inpatient settings. If HCFA moved in this direction, the following are among the key questions it would have to address:

- Do the proposed Medicare conditions of participation for hospitals and the interim final rule on patient rights provide sufficient authority for the external reviewers to apply the extra scrutiny warranted for psychiatric inpatients?
- Are additional authorities needed for key patient-care issues, including discharge planning?

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## COMMENTS ON THE DRAFT REPORT

Within the Department of Health and Human Services, we received comments on our draft report from HCFA. Outside the Department, we received comments from the Joint Commission, the National Association of Psychiatric Health Systems, the National Alliance for the Mentally Ill, and Public Citizen's Health Research Group. Below is a summary of those comments followed by our responses, in italics.

### HCFA Comments

HCFA concurred with all of our recommendations and noted its ongoing work with the Joint Commission to improve hospital oversight. It is willing to explore more strategic uses of the contracted surveyors and anticipates funding increases that will allow it to reduce the interval between the contracted surveys. It also noted its plans for redesigning its information system to support better reporting of survey trends. Finally, HCFA indicated that it will develop interpretive guidelines, with a corresponding plan for the contracted surveyors to enforce them, for existing regulations that apply to psychiatric units of acute care hospitals, which generally parallel the special conditions for psychiatric hospitals.

*We appreciate HCFA's positive response to our report. In implementing the recommendations, HCFA will strengthen the system of external review intended to protect psychiatric inpatients. We have added some text on funding contracted surveys, which is relevant to our call for HCFA*

*to use the surveyors more strategically as well as to determine an appropriate minimum cycle for surveys. We hope this new text will be helpful to HCFA as it explores further funding increases.*

## **Comments from the Joint Commission**

The Joint Commission identified many changes either already implemented or underway that enhance the accreditation process and promote a patient-centered approach to oversight. In particular, it noted its ongoing process to strengthen its standards for discharge planning.

The Joint Commission took issue with how we characterized the authority of the contracted surveyors' ability to hold psychiatric hospitals accountable for patient care issues and our point that Medicare bears the cost of external review either directly or indirectly.

*We appreciate the Joint Commission's continued responsiveness to our recommendations. The Joint Commission's leadership on these issues can influence improvements in accredited hospitals. In response to the Joint Commission's concerns, we clarified our discussion of the limits of the contracted surveyors' authority and the extent to which Medicare bears the cost of external review.*

## **Comments of Other External Associations**

To varying degrees, the external parties supported our findings and recommendations, but also reflected some concerns. Both the National Alliance for the Mentally Ill and Public Citizen noted their concerns about accreditation and called for increased funding for the contracted surveys. The National Association of Psychiatric Health Systems opposes "widespread dissemination of information [about the performance of hospitals and surveyors] without adequate explanation and protection" whereas Public Citizen expressed its concern that without disclosure, "public discontent will grow."

In its comments, the National Alliance recommended its State organizations as additional resources for the external review of psychiatric hospitals and pointed to other resources on discharge planning in the Substance Abuse and Mental Health Services Administration of the Department.

*We suggest that HCFA consider the concerns raised by these stakeholders as it works to improve the system of hospital oversight. They offer perspectives that can be informative to HCFA.*

*On the matter of public disclosure, we emphasize our position that such disclosure represents an important step toward enhancing the public accountability of the contracted survey process and parallels recommendations we made in our earlier series, "The External Review of Hospital Quality."*